

Written Submission of

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On Behalf of

The Coalition for America's Gateways and Trade Corridors

Before

**Subcommittee on Surface Transportation and Merchant Marine
Committee on Commerce, Science and Transportation**

And

**Subcommittee on Transportation, Infrastructure and Nuclear
Safety
Committee on Environment and Public Works**

Unites States Senate

on

Freight Transportation and Intermodal Connections

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The Coalition

The Coalition for America's Gateways and Trade Corridors is an intermodal organization comprised of more than 22 groups. The Coalition's sole interest is to encourage adequate federal investment in our nation's intermodal freight infrastructure and technology to ensure safe, efficient and cost effective goods movement.

Borders and Corridors Programs Overview

Recognizing the unprecedented demands international trade is placing on our nation's transportation infrastructure, and bringing a clearer focus on needed freight transportation and intermodal connector projects, Congress established the National Corridor Planning and Development Program (NCPD) and the Coordinated Border Infrastructure Program (CBI) often referred to as the Borders and Corridors Program. Section 1118 and 1119 of the Transportation Equity Act for the 21st Century (TEA-21) provided \$140 million annually through a discretionary grant program administered by the Federal Highway Administration's (FHWA) Office of Freight Management & Operations to fund planning, development, construction and operation of projects that serve border regions near Mexico and Canada and high priority corridors throughout the United States.

The Coalition believes that current Borders and Corridors Programs have fallen short of the intended goals when these programs were established for two reasons.

First, the programs included in the TEA-21 Conference Report were funded at levels far less than necessary to meet freight transportation and intermodal connector needs. As witness to that, since the beginning of the programs, funding requests from states and Metropolitan Planning Organizations (MPOs) have exceeded available funds by a ratio of 15:1.

Second, programs were extensively earmarked in the annual appropriations process. In fact, in the transportation appropriations bill for FY '02 these programs were earmarked for specific projects at more than twice the authorized funding level, causing the FHWA to decline taking grant applications for that year. As a result, funds have not always been allocated to projects with the greatest national significance to the movement of freight.

Reauthorization

With respect to the reauthorization of TEA-21, the Coalition strongly recommends the programs be continued, but bolstered to ensure the original goals are met. With respect to modification, the Coalition respectfully commends several recommendations to the Committee for consideration.

- To meet the high level of demand, funding for the Borders and Corridors Program must be increased to not less than \$ 2 billion annually.
- The distribution of funds should be freight specific, and there should be a qualification threshold based on freight volumes and freight-related congestion to ensure limited dollars reach high-volume corridors/borders/gateways.
- Under current law, only states or MPOs are eligible to apply for funding under the Borders and Corridors Programs. It is recommended that the designation of entities eligible to apply for Program funding be expanded to include other public and quasi-public organizations.
- The programs should be redefined to address the needs of all trade gateways, not only land borders, and gateway connected trade corridors. Many gateways that handle high volumes of freight are not eligible for funding because they may not be “borders.” For example, while Illinois is not a “border state,” one-third of the nation's freight passes through Chicago and it is the largest intermodal hub in the nation. Similarly, inland ports are also important gateways that enable the efficient movement of goods throughout the country.
- The designated “high priority” corridors eligible for funding under the Corridors Program need to be reexamined to ensure freight intensive areas can apply for funding. Currently, there are many important projects in need of funding that do not fall in one of the 43 priority corridors designated under TEA-21. Highest priority should be given to corridors that move goods to and from trade gateways.

Overall Needs

International trade is the key to America’s economic future. Imports and exports, which fuel our economy, are doubling every ten years. At the same time, freight traffic within the United States’ borders will increase 100 percent by 2020. In 1970, foreign trade was 10.8 percent of U.S. gross domestic product (GDP). By 2000, it grew to more than 26% of the GDP.

This growth trend is expected to continue in all modes of transportation. In the next 20 years, foreign trade moving through American ports is expected to increase by 187 percent, while containerized cargo will experience an explosive 350 percent increase. In response to the overwhelming growth in trade, truck traffic will increase by 200 billion vehicle miles and rail freight shipments are projected to grow by 1 billion tons.

Rapidly accelerating trade combined with domestic growth have created a \$10 trillion U.S. commodity flow that produced millions of new job opportunities and a higher standard of living for Americans.

These benefits will only last as long as we keep the freight moving.

While so far freight carriers have done a good job keeping goods moving, in coming years, better, smarter and more truck, rail and intermodal gateway infrastructure will be needed to keep the traffic from stalling in gridlock. Even today, congestion and heavy volume often impede access to major freight terminals. Near dock rail capacity requires significant expansion and capital investment.

Unfortunately, too small a portion of TEA-21 is devoted to freight-related intermodal projects. Meanwhile, intermodal connectors currently have up to twice as many engineering deficiencies and pavement deteriorations as National Highway System non-Interstate routes. While the current port and trade corridor system is pressed to accommodate the current traffic levels, demands on it are expected to double by 2020.

The large burden placed on our freight transportation system has only been exacerbated by increased security concerns since September 11. Intermodal freight infrastructure is critical to national defense. Thirty-eight thousand miles of the interconnected civilian rail system – vital for carrying heavy, oversized equipment and weapons systems – links some 170 strategic defense installations to seaports for military deployment.

Ports and their connectors have always been the point of embarkation for defense materiel, and this role is even more important as our global strategy emphasizes flexible response. Highway connectors play a vital role in the rapid mobilization of personnel and materiel toward points of deployment.

Value of Investment/Cost of Neglect

Investing in transportation yields economic paybacks for all corners of the country. Every dollar invested in the highway system yields \$5.70 in economic benefits to the nation. U.S. freight railroads contribute over \$14 billion a year to the economy in wages and benefits to about 200,000 employees and billions in purchases from supplies. And, U.S. ports generate 13 million jobs, contribute \$743 billion to the GDP and supply \$200 billion in federal, state and local taxes.

Ignoring these problems will cost our nation in numerous ways. Growing freight congestion puts our economic growth in peril by creating costly delays for manufacturing, putting a drag on job creation and undermining our ability to compete in the increasingly important global market. Highway congestion alone

costs the U.S economy \$78 billion annually, while also contributing to air pollution and other environmental concerns. In addition, delays at canal locks nationwide totally some 550,000 hours annually, representing an estimated \$385 million in increased operating cost borne by shippers, carriers and, ultimately, consumers.

As you are all probably aware, the Alameda Corridor recently opened in Southern California. We believe this public-private project exemplifies the type needed throughout the country. While at first glance this may seem to be only a rail project, it will also facilitate more efficient truck, ship and rail movement. The benefits from moving freight in and out of our nation's busiest ports faster will not only be felt in Southern California, but will stretch across the rest of the country. The goods that move through the ports of Long Beach and Los Angeles represent \$97.3 billion in U.S. trade, support 2,121,500 jobs nationwide and deliver \$4.51 billion in state and local taxes throughout the country.

There are many other projects, similar to the Alameda Corridor that still need funding. Here are a few of examples drawn from our members:

- The Port of Pittsburgh will need up to \$30 million for rail, road and port improvements.
- The Alameda Corridor East, San Gabriel Valley, and OnTrac Corridors in California need \$2.5 billion for infrastructure improvements.
- To facilitate goods movement San Bernardino County, California needs \$383.3 million and Riverside County, California needs \$926.7 million.
- For infrastructure improvements Washington State needs \$183.8 million.
- The Gateways Cities Council of Governments in California alone needs \$4 billion for improvements for goods movement and freight related congestion.

These are just a few examples of tremendous need for intermodal infrastructure improvements.

Recommendation Detail

In response to these problems, the Coalition for America's Gateways and Trade Corridors is asking Congress to:

1. Increase Funding for Freight Mobility

Funding needs for freight mobility are large, and will be met in a variety of ways. It is estimated that some 25 percent of the general highway expenditures go to the benefit of freight movement. Special programs to encourage public-private partnerships will be a key element as well. Given the need for major, targeted investments that meet national needs, but are built by regional, state and local

entities, there needs to be a targeted program to encourage and support these projects.

A minimum of \$2 billion per year for the Borders and Corridors Programs is required immediately to support designated programs for freight technology and infrastructure, such as intermodal connectors. This amount could productively be doubled as projects move out of design and into construction in the next reauthorization period.

Since the beginning of the program, funding requests from states and MPOs have exceeded available funds by a ratio of 15:1. Much of this funding has gone to the planning, design and engineering of future projects. There is clearly large unmet demand for funding and a growing backlog of projects that are “ready to go.” The U.S. Department of Transportation projects that the volume of freight movements in the U.S. will double over the next 20 years. As a result, demands for infrastructure project funding will increase ever further.

2. Utilize Creative Funding Approaches

To provide the level of funding required, Congress should actively explore a variety of funding approaches including the possibility of utilizing general funds. Available funds under the current Borders and Corridors Programs should be increased to support freight-related intermodal projects, especially projects that aim to reduce greenhouse gases.

Attention should also be focused on restructuring and expanding Federal loan and loan guarantee mechanisms to provide grants and long-term credit for intermodal and intermodal connector projects. The program should create incentives for state and local actions taken in support of freight movement projects that are designated under a national program.

3. Establish Freight Mobility as a Central Element in National Transportation Policy and a Key Factor in State and Local Planning

Establishing and maintaining freight mobility as a high national priority must be articulated and reinforced in a variety of ways. Through public pronouncements and policy documents both Congress and the Administration need continually to underscore the importance of freight transportation and the urgency of increasing the capacity and efficiency of our national system.

The Coalition is a member of the Freight Stakeholders Coalition and supports the principles outlined in testimony presented by that organization, which not only call for greater funding but also better freight data and planning.

Freight mobility needs to be given higher priority as an element in state and local transportation planning. Strong relationships exist between the Departments of

Transportation and Defense, but these relationships need updating to align them with today's priorities.

Congress should create a National Council on Freight Mobility (including community mitigation) with strong representation from both shippers and carriers, as well as affected communities and other stakeholders, to advise the Secretary of Transportation.

The Council would provide advice and counsel on:

- Overall freight infrastructure expansion strategy
- Developing trends and technology in freight movement
- Determining public interest in freight infrastructure projects

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